U.S. Department of Commerce

Personnel Management Demonstration Project

Employee Guide

January, 2001

INTRODUCTION

The purpose of this guide is to provide basic information about the Department of Commerce Personnel Management Demonstration Project to managers, employees, and other interested individuals.
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The Project was authorized by Federal Register on December 24, 1997 and implemented on March 29, 1998. The duration of the Project is for an initial period of five years. The primary purpose of the project is to demonstrate an alternative personnel management system within selected organizations within the Department of Commerce. The objectives of the project are to implement a personnel management system that enhances mission accomplishment and organizational excellence by: (1) recruiting, developing, utilizing, rewarding and retaining high-performing employees; (2) increasing manager's authority, responsibility and accountability for personnel management; and (3) improving the effectiveness and efficiency of personnel management systems. The major components of the project are: (1) a simplified position classification system utilizing career paths and pay bands; (2) a pay for performance appraisal system; (3) increased pay flexibility in hiring and promoting employees; and (4) flexible hiring programs.

PROJECT INNOVATIONS

The project encompasses major innovations in the areas of position classification, performance management, pay administration and staffing as outlined below.

Position Classification

DOC has simplified and improved the position classification process through the use of pay banding, generic classification standards, an automated classification system and the delegation of position classification authority to managers. Positions are classified according to career paths and pay bands within the career paths. Career paths are categories of occupations grouped by similarities in duties, qualification requirements, pay ranges and career progression. The four separate career paths are Scientific and Engineering (ZP), Scientific and Engineering Technician (ZT), Administrative (ZA), and Support (ZS). A single pay band within a career path normally covers a pay range of two or more grades within the General Schedule (GS) system. The chart below outlines the different career paths and pay bands within each career path and the corresponding GS grade levels.

See attached chart.

Positions are classified by title, career path, occupational series, and pay band (e.g. Secretary, ZS-318-III). The pay range for each pay band is equivalent to the pay range of GS grades within the pay

band, including locality pay rates and any special pay rates. Supervisors have an additional range of pay which is 6% above the non-supervisory pay ceiling of a pay band (referred to as supervisory pay) which they can earn through performance pay increases.

Performance Management

The performance cycle under the Project Performance Management System begins on October 1st and ends on September 30th. Employees covered under the Project are eligible to receive annual performance pay increases and bonuses. Pay increases and bonuses are effective at the beginning of the first pay period in November.

The pay for performance system combines a 2-level rating system with a 100-point scoring system to determine annual performance pay increases and bonuses within a peer group. The appraisal process has two important goals. The first is to enhance individual productivity by providing employees with the information they need to do their jobs effectively by requiring discussions between supervisors (rating officials) and employees prior to, during, and at the conclusion of the appraisal cycle. The second is to improve organizational productivity by promoting communication between employees and supervisors about job-related matters so that better and more efficient methods of operation can be developed.

The appraisal process has three stages: performance planning, progress review and appraisal. During the planning stage the supervisor prepares, with input from the employee, a written performance plan by which performance will be evaluated. This stage occurs in October. The progress review stage involves at least one formal meeting in March or April between the supervisor and employee to discuss progress in meeting the requirements contained within the performance plan. The final stage involves the formal appraisal of the employee. Employees are requested to provide a written list of accomplishments to the supervisor for discussion at the Performance Review Meeting. This meeting normally takes place in September. The supervisor makes a recommendation of rating, score, pay increase and bonus to a pay pool manager who makes final appraisal decisions. Once appraisal decisions are made an Evaluation Feedback Meeting is held between the supervisor and the employee to review and discuss the final appraisal decisions and to provide the employee the formal appraisal. This meeting normally occurs in October or early November. Performance pay increases and/or bonuses become effective on the first pay period in November.

Pay Administration

Managers have pay flexibility to set pay anywhere within the pay band upon hiring, promoting or internally selecting employees competitively. Additionally, pay increases are given annually as a result of the Annual Comparability Increase (provided to all Federal employees every January) and also as a result of a performance-related pay increase under the pay for performance system.

Promotions within the project are given as a result of movement to a higher pay band within a career path or as a result of competitive movement to a pay band in another career path in combination with a pay increase. The minimum pay increase for promotion is 6% or the amount required to reach the minimum of the new pay band. There is no maximum percentage except that the new salary may not exceed the pay ceiling of the new pay band. Promotions are subject to the approval of management and are never automatic.

Staffing

This project includes two new recruitment programs. The Agency-Based program authorizes Human Resource Offices to perform their own applicant examining and issuance of registers for non-status candidates instead of using the Office of Personnel Management. The Direct Hire Program authorizes managers to select candidates for hard-to-fill positions utilizing general rather than individual specific vacancy announcements. Employees can be hired more rapidly under both programs.

New employees hired into research and development positions within the Scientific and Engineering Career Path (ZP) are subject to a three-year probationary period instead of the customary one-year probationary period. This provides managers and employees with a more flexible period for appraising long-term research and development assignments.

The project also includes a modified system for conducting reductions in force (RIF). Employees compete within their career paths for positions at their pay band and one pay band lower for which they qualify These positions must be located within the employee's organization within the local commuting area. Employees who receive a score which is in the top 30% of scores within their pay pool receive 10 additional years of service credit. An employee may accumulate this credit up to a maximum of 30 years based upon their last three performance appraisals. RIF credit earned under other performance systems are not transferable into the Project.

REFERENCES

Further information regarding this project may be obtained from the DOC Home Page at http://www.doc.gov/ohrm. The DOC Home Page contains Federal Register Notices outlining the details of the project, the full text of Project Operating Procedures, several Project Newsletters, Evaluation Reports and a list of frequently asked questions and answers. If you have any questions regarding any aspect of this project please contact your supervisor or your servicing Human Resources Management Office.

Comparative Chart of GS grades to Demonstration Project Pay Bands

CAREER PATHS	PAY BANDS								
Scientific and Engineering (Pay Plan: ZP)	I			II		III	IV		V
Scientific and Engineering Technician (Pay Plan: ZT)	I		II		III	IV	V		
Administrative (Pay Plan: ZA)	I			II		III	IV		V
Support (Pay Plan: ZS)	I	II	III	IV	V				
Corresponding GS Grade	1-2	3-4	5-6	7-8	9-10	11-12	13	14	15